1904—5

(Gen: Fin:)

SUBJECT.

Use modification in the Govt's Banks Rules as regards the limit annual deposits and the calculation interest thereon

From the Comptroller No. C.7988/9698 states that owing to heavy work he has not been able to take up the analysis of the last decade and submits a note containing his views on the subject of the prescription of a limit on the amount individual deposits in the Govt. Savings Banks Q.A. Resident No. 1430 S.10.5.04-5 Form due to be withdrawn when the detailed report on the Bank work Request can be expected.

To the D.A. Resident No. P.C. 8997.98.

States that the Compliroller requires him to submit his report on the Bank work of the states and that a copy of it will be sent to the Resident.

S. 58

Inspection Note
No 4211 Dt 31-1-05
File No 2-50 of 04
Diary No 3082
was submitted to
the Secretary on
on 15-2-05

The Inspection report dated
29th ult. mentions the minimum work
balances for all treasuries
he has already submitted a
report on the subject wherein
he has fixed the minimum for
the last day of January at
a lakh. That the actual Cash
balance on 31-1-05 amounted
to Rs 31,86,000/- of which about
Rs 13,52,000/- under all Head quarters
including the balance in Local
Treasuries with the balance the cash
in the Bank yet to be drawn at Bangalore
would be below 5 lakhs on
Some days in February and
that the pressure of Treasury
work in the first week or ten
days of every month has never
difficult to attract investments
proceeds in the first week of the
month.

of the re-imposition of a levy
on the accrual of dividends
deposits in the Post Savings
Banks the Inspector further informs

a note whether the Law Dis
Cusses the subject for the
Consideration of Govt

submitted for orders
13/05

The Committee was requested —

1) to examine the proper of expenditure during the past decade relative to the growth of revenue for the purpose of ascertaining how far the increase is normal and incurred for meeting the needs of a progressive administration and how far it is abnormal and due to special causes

2) to determine the amount of cash balance required to provide for the efficient working of the administration

3) to state whether it was advisable to (Rs 5000)
remodel the limit on the amount of
nonvoted expenses in the Assam Manual
and the amount and form of reserve
necessary for meeting withdrawals which
may be anticipated

In addition to the above terms the Committee was also asked to [illegible] the Government have not yet

been able to take up the analysis of the expenditure and receipts.

As regards the Minimum working balances we have already received his report on the subject in his letter No. 4211 dated the 31 January which is now before Government

The Comptroller has observed at length the question relating to Savings Bank deposits and withdrawals and arrived at the conclusion that the maximum limit of annual per depositor may be reduced to Rs 2000/- and that interest on amounts held in excess of Rs 5000/- may be reduced to two per cent. The Comptroller has not arrived at any definite conclusion as to maintaining a reserve for the purpose of meeting anticipated withdrawals [illegible] the question of general finance and the proposes to deal with it when the latter is received.

Submitted to the Secretary 6-7-05

The above rates are full. If a limit were placed on Savings Bank deposits & the rate of interest reduced, there may be many withdrawals & much embarrassment would be

MGCPB—20,000—1-11-04.

General and Revenue Secretariat.

Serial No. 5

To the Comptroller. No: 7578 dated 9.5.0

States that the question of placing a limit on the amount of individual deposit may conveniently be considered along with the Programme for the next year together with his report on the working of the Expenditure incurred during the last decade and that, as the question of maintaining a reserve for meeting withdrawals from Savings Banks has material bearing on the question of Pl. Finance the same would be considered on receipt of an report on the latter; and requests him to submit his proposals for finding the ways & means for meeting the heavy demand likely to arise consequent on the placing of a limit on individual deposits & the reduction of interest.

From the Comptroller No. 6805 Bud 123 dated 17.5.0

As regards the ways and means for meeting any heavy demands for withdrawals of Savings Banks deposits in the event of the Savings Bank Rules being modified so as to limit the deposits & the changes proposed are given effect to at the beginning

of the year when the balances are liable to embarrassing reductions on account of the withdrawals of the last decade of January. It will be taken up as soon as possible after the budget work is over.

The Committee notes that the question of a limit on the amount of sums withdrawn and the reduction of interest, as proposed by them, may result in withdrawals only under those accounts under which the individual balances now exceed Rs 500/ the aggregate of which is computed at about a maximum of 20 lacs. However small the amount of saving on Government paper may be, some attempt to open new accounts in the names of ladies and minors at the worst the total amount of withdrawals may not exceed 10 lacs as anticipated by the Committee and the

may be met by selling some Government Paper forming part of the Sinking investment. The Comptroller adds that if his proposals regarding the Imperial arrangements for 1905–06 are accepted by Government without any material alteration it may be possible to meet the demand from the cash balance.

Yours truly

26
20-5-05

Submitted to the Chancellor. Unless in these circumstances I assume sanction the Comptroller's proposal. Personally I would only reduce the rate of interest to 3% but not limit the investment £5000 by on the principle on which the British Govt. pay the public debt.

6689

Draft accepted
25.5.05

Draft submitted. Tyrrell
K.S 26/5/05. 6300

Note—Contin. sh

MCORR 50,000 15.2.05

To the Comptroller No. H 8108 D/29.5.05

Asks to be furnished with
draft rules modifying the
Savings Banks rules in
accordance with the note
submitted by him in Dft. Secret
from the Comptroller, No 7105, D/
31-5-05.

Submits draft of
rediscussed & substitution
of the Savings Banks Rules
I-IV to I-VII.

Copy of the Savings
Banks rules laid-up.

Submitted for orders please
6/6/05

Submitted for the Diwan Sahib's
Council Matters.

In the Council
meeting of Com
7007 8.6.05

To the Secretary for circulation
10/6/05

Extract from the Proceedings of the 113th Meeting of the Council of His Highness the Maharaja, held at Bangalore on the 9th Aug: 1905.

Subject--(Clause VIII of the Schedule.)

Proposal to modify the Go Savings Bank Rules I-IV to I-VII, So as to impose a limit of Rs. 2,000/- on annual individual deposits, and to reduce the interest on balances of individual accounts in excess of Rs. 5,000/- from 3½ to 2 per cent.

Opinions of the Dewan and Councillors.

No limit need be imposed on the annual individual deposits.

On deposits of and under Rs. 5,000/- interest at 3½ per cent as at present may be allowed

on deposits exceeding Rs. 5000/- may be allowed as follows:—

(i) at 2 per cent. if they are payable at call;

(ii) at 2½ per cent, if they are payable

after 6 months' notice; and

(iii) at 3 per cent, if they are pay after a years notice

This regulation of interest refers only to the excess above Rs. 5,000/-

The Comptroller may be asked to submit for approval an amendment of the rules accordingly.

(Signed) P. N. Krishna Murti
Dewan of Mysore

12.8.1905
Secretary.
12.8.05

Let this agenda with the Councillors with the Govt. of India correspondence on the subject

25.IX.05

To the Secretariat for circulation
26.9.1905

26-9-05

8674/C.105-1.9.05.

I find that the question has been practically closed & that the

imposition of a limit is indispensable. All that could be said in favour of the present practice of the imposition of a change there can would be as in paragraph of our letter to the Honble the Resident No 7-C 1190 dated the 7th March 1903. The Resident has not satisfied with as is evident from Nawab Sahib's reply No 434 dated the 29th January in all circumstances there is no alternative but to impose limit. This will not affect existing deposits save as to the rate of interest to be allowed thereon. The imposition of annual deposits seems too low & may be raised to Rs 500. In other respects the scheme already recorded requires no modification.

To 2nd comment No

I agree with the
Hon'ble Commissioner that
the annual recruitment
expenditure may be fixed
at Rs 5000
without any increase
corresponding with the
amounts already
deposited on account
of the above scheme.
No progress report
regarding the
deposits the sponsors
already provided
may be submitted

My dear Mr Basu,

These duft from your suggestion

are calculated to prevent any misuse of withdrawals. I shall be obliged to if you can kindly let me have your views touching the suggestion stated in the preceding para:

your letter, the 3d November in which you kindly ask for my views on the suggestions before Government regarding changes in the Savings Bank Rules.

I have fully examined the matters in the accompanying note and I think I have made my difficulties clear in so. I do not see any suggestion in the rules about retaining deposits in the case of

Rs 5.000 at a small interest but I think the course is necessary in the special circumstances of Mysore and as fair to its people that I again take the liberty to respectfully urge the matter upon your favourable consideration.

The note on the Savings Bank deposits is perhaps the first important note that I had written on entering your service and I may respectfully assure you that I had taken every care to safeguard the interests of this state consistent with the general trading interests with which the Government of India are.

17

15

associated I have the hardihood to think that the present suggestions are in no way an improvement upon the suggestions contained in the note of 27th February 1905.

Hoping you will excuse me for inflicting upon you this rather troublesome note.

Yours truly
Ingl Baines

Sir P. N. Krishna Murti
K.C.I.E. &c.

Serial No.

According to Sir. Krishna Murti's D.O. letter of the 3rd November 1905, the following suggestions regarding the modifications of the Savings Bank rules are now before Government.

(1) The orders of Government dated respectively the 30th August and 23rd September 1899, may be cancelled so as reimpose a maximum limit of Rs. 5000/- with regard to the annual individual deposits in Govt. Savings Banks, the rate of interest remaining at $3\frac{1}{2}$ per cent per annum.

(2) The above change will apply only to future deposits and will not affect existing ones.

(3) But the rate of interest on existing deposits will be regulated as follows:

Up to Rs. 5000/- at $3\frac{1}{2}$ per cent

On the excess, if any, above Rs. 5000/-

(i) at two per cent on the portion, if any, payable at call;

(ii) at $2\frac{1}{2}$ per cent on the portion, if any, payable afetr 6 months'notice ; and

(iii) at 3 per cent, on the portion, if any, payable after one year's notice.

2. It is proposed in the first place to revert to the old rules which prescribed no limit to the total deposits, but which provided that balances in excess of Rs. 5000/- would not bear any interest.

MGCPB—20,000—1-11-04.

Serial No.

The same condition will I understand apply now. If so, I do not understand why the maximum limit of the interest bearing deposit should be allowed to be reached in one year. The declared object of the Savings Banks is to encourage thrift among people of moderate income and in British India, the annual deposit is about one-fifth of the total interest bearing deposit. If in Mysore the limit of the annual and total deposits are made one and the same, we shall be open to the charge of encouraging accounts in Savings Banks not intended by the rules. What we want is slow but steady rise in the deposits and not heavy deposits in one year followed by heavy withdrawals in another.

3. Then, as regards interest, I have stated in para 13 of my ~~letter~~ note of 27th February 1905 why in the case of Mysore some concession should be made in the matter of interest on larger deposits and why we should not discourage deposits by absolutely refusing to pay any interest on balances over Rs. 5000. The matter is very important and in view of the peculiar position of this State I proposed an annual limit of Rs. 2000/ instead of Rs. 200/ in British India and also interest at two per cent on balances in excess of Rs. 5000/-. If interest is not paid on balances in excess of Rs. 5000/- I think the limit of annual deposit should be Rs.1000/- instead of Rs. 5000/-.

4. It is not clear to me what is ~~ment~~ meant by the condi-

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Serial No.

condition that " the above change will apply only to future deposits, and will not affect existing ones". It cannot be meant that as regards the existing accounts the present rules about unlimited deposits bearing interest will be retained and that only new accounts opened in the future will be subject to the Revised rules. If not, then surely, an existing depositor having a balance of less than Rs. 5000/- will be allowed to deposit up to Rs. 5000/- at interest and in excess of that without interest under the Revised rules. In any case the condition is not understood and is perhaps meaningless.

5. I now come to the suggestions about the rates of interest. It is thought that the graduated scale of interest will prevent any undue rush of withdrawals. I do not understand how this result will be secured. There is noting to show which out of the three different rates the depositors will generally prefer. Then the payment on 6 months' notice or 12 months' notice means an actual payment. If the rates on 6 months' or 12 months' notice are suggested on the analogy of the British Indian rules, I would respectfully point out that the anology completely fails. The British Indian rule is intended to attract Deposits without embarrassing Government in the matter of repayments. Here the rules will have the effect of making the repayment obligatory on a certain date. A balance at call may not after all be withdrawn and Government may gain by the

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Serial No.

required for working the Treasury. If therefore the revised rules reducing the rate of interest or the interest bearing deposits are issued or given effect to from some date between May to October, we have ample time to judge the effect the rules, can meet any rush for withdrawals without parting with any scrap of Govt. paper, and can repay deposits bearing interest with money not earning any interest. But what will be the effect of the withdrawal at notice? Then men will naturally select such time for withdrawing the money as are the best suited for investment in Government paper, namely, the busy season of the year when our cash is low and is earning interest. We shall have to sell Government paper in anticipation of the withdrawal and this will mean considerable loss to us.

8. From the above explanation, it will I think be clear that the withdrawal at notice is neither desirable on general grounds nor is it acceptable on considerations of resource. I have not yet dealt with the practical difficulty in intrepreting or working some of the suggested rules. For instence, in the case of existing balances in excess of Rs. 5000/ Government can decide that no further deposits will be received which will be quite unfair but Government cannot prevent withdrawals. Supposing deposits and withdrawals are allowed freely. Then taking a concrete case of an account having an existing balance of Rs. 10,000/- - I

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General and Revenue Secretariat.

G. 2. File No. 280 of 1904

Serial No.

I would assume the following transactions which are quite possible,

1st month notice of withdrawal of Rs. 3000/- after 6 months and Rs. 2000/- after 12 months.

2nd month - fresh deposit of Rs. 2000/-.

3rd month - withdrawal of Rs. 4000/-

4th month - deposit of Rs. 3000/-.

At the end of the 2nd month the balance of the account will be Rs. 12000/- of which Rs. 5000/- will be at 3 $\frac{1}{8}$ per cent, Rs. 3000/- at 2$\frac{1}{2}$ per Rs. 2000/- at 3 per cent and Rs. 2000/- without interest.

At the end of the 3rd month the balance will be Rs. 8000/- of which Rs. 3000/- will be at 3 $\frac{1}{8}$ per cent, Rs. 3000/- 2$\frac{1}{2}$ per cent and Rs. 2000/- at 3 per cent.

At the end of the 4th month the balance will be Rs. 11000/- of which Rs. 3000/- will be at 3 $\frac{1}{8}$ per cent, Rs. 3000/- at 2$\frac{1}{2}$ per cent, Rs. 2000/- at 3 per cent and Rs. 3000/- without interest.

9. I would specially invite attention to the differences in the interest calculations on the 2nd and 4th months' balances. The principle to be followed is that all future withdrawals must first be taken against future deposits not bearing interest but once the actual balance has been brought down below the existing

NOTE—Contn. sheet.

MGCPB—20,000—1-11-04.

G.R.S. 12]
General and Revenue Secretariat.

8-7 File No. 280 of 1904

Serial No.

balance on the date of introduction of the revised rules interest cannot be paid on a higher balance till the total balance is reduced below Rs. 5000/- . I submit that these are practical difficulties which cannot be left to Treasury Officers to solve. There will be endless complications and neither depositors nor bankers will understand the complications.

10. This is not all. It is quite reasonable to assume that deposits will not be withdrawn in some cases long after they mature on 6 months' and 12 months' notice. After they so mature ,no interest will be given and this will have to be provided for, but it will be easily understood what complications the various constituents of the Savings Bank Account bearing different rates of interest will introduce in the actual working. I think the difficulties will be almost insuperable.

11. For Treasury purposes it will be necessary to split up the accounts to correctly calculate the interest while the depositors must have one account and a multiplicity of accounts is not admissible under rules. It is absolutely necessary that the rules whatever they may be, should be quite intelligible to both depositors and bankars, they ~~should~~ must have the merit of simplicity and should be uniform in their application.

12. With these remarks I beg to leave the decision with Government. The Government may decide now what

MGCPB—20,000—1-11-04.

Serial No.	
	rules to adopt but I beg again to remind Government that no announcement should be made nor the rules be given effect to till April 1906. The busy season is coming upon us fast and with propects of shortage in rains and heavy expenditure, this time of the year is not suitable for inviting claims for withdrawals.
	8th November 1905. Comptroller.

684

GENERAL AND REVENUE SECRETARIAT.

Matter for Council Meeting to be held on the 9th Aug: 05
at Bangalore —

Subject.

Modification of the Govt: Savings Bank Rules I. IV 6 - I. VII, So as to impose a limit of Rs. 2,000/- on annual individual deposits, and to reduce the interest on balances of individual accounts in excess of Rs. 5,000/- from Rs. 3 1/8 to 2 per cent.

1025/ 17/12/05

Circulated to Councillors.

By Order,

14 - 6 - 1905. W. Secretary.

437/ 6-05 Simpson

Rajamanthra Pravina

1. C. Sreenivasaiengar Esqr — Seen - The file seems incomplete - among other papers, the order 1699 removing the limit to loan now proposed to be reimposed is not to be found in sent to the 1st committee 18/6/05 with the required papers

First Councillor

2. Rao Bahadur C. Madiah Esqr — Rs 10/ 1899 — Second Councillor — Refer: post-up.

7251/ 21.10.05

Seen

16/6/05

G. R. S. 17

To 2nd Councillor 20/6/1905

Seen & returned with remarks - Pl

289

20/6/05

Facing Sheet for Cases included in the schedule appended to Notification No. 36 of the 8th Aug. 1902.

GENERAL AND REVENUE SECRETARIAT.

Subject— Modification of the Govt. Savings Bank Rules I. IV & I. VII.

	Date	Initial of Officer himself or responsible Deputy.
Received in the Secretariat	1-6-05	
Submitted to Secretary	6.6.05	
Submitted by Secretary to Dewan or ~~Councillor in charge~~	7.6.05	
Returned to Secretary	10.6.05	
Circulated by Secretary for Council ...	14.6.05	
Forwarded by 1st Councillor	15.6.05	
Re-sent 18.6.05 & returned	20.6.03	
Forwarded by 2nd Councillor	21.6.05	
Received in Secretariat	21.6.05 R	
Considered in Council	9-8-05	
Submitted to the Dewan	12-8-05	
Re-considered in Council —	4-10-05	
Submitted to ~~His Highness~~ the Dewan	21-10-05	
Submitted to His Highness —		
Orders passed by His Highness		
Final Orders issued		
Circulated to Councillors		
Passed on by the Councillor... ...		
Returned to Secretary by Councillor...		

G. R. S. 15

Submitted to His Highness.

The Government of India suggested the expediency of imposing annual and aggregate limits on Savings Bank Deposits in Mysore. The grounds on which their recommendation was based were set forth in para 5 of Mr. Moss King's letter No.4210, dated the 3rd September 1903.

2. The Durbar admitted the force of the arguments advanced in support of the proposal of the Government of India and promised, in para 6 of their letter No.1190, dated the 5th November 1903, to impose suitable limits as soon as the finances were placed on a better footing.

3. In para 6 of Mr. Moss King's letter No.484, dated the 29th January 1904, it was pointed out, in reply to the Durbar's letter referred to above, that the Resident was not convinced that there existed any justification for deferring action in the direction pointed out by the Government of India.

4. The question of obtaining the services of

a trained man for the Comptroller's place in Mysore was then approaching settlement; and the Durbar replied that the matter would be settled in consultation with the new Comptroller. (Vide para 5 of letter No.3247, dated the 28th May 1904).

5. The present Comptroller is of opinion that two limits, viz., aggregate and annual are needless in Mysore, that wider facilities for deposits in Savings Banks should be afforded to the people in Mysore as compared with those of British India and that the maximum limit of annual gross deposits may be fixed at ₹2,000, while large deposits may be discouraged by reducing the interest payable on deposits exceeding ₹5,000 from $3\frac{1}{8}$ to 2 per cent. (Vide Comptroller's Note annexed to letter No.4798/969, dated the 1st March 1905).

6. The question was first considered by the Council on the 9th August 1905. which was of opinion that neither limit was necessary, but that a reduction of interest on deposits exceeding ₹5,000 was enough.

7. This opinion was modified on the 4th October 1905 and the 9th December 1905, when the Council

was in favor of imposing an annual limit of ₹5,000, besides providing for a reduced rate of interest on deposits exceeding ₹5,000 in the aggregate. The Comptroller was present at the Council Meeting of the 9th December 1905, and in acceptance of his views, the Council recorded the proceedings of the 9th December 1905.

8. Despite this consensus of opinion, it is plain that the views recorded on the 9th December 1905 differ from those of the Government of India in one important respect. The imposition of an aggregate limit recommended by the Government of India is substituted by a reduced rate of interest on deposits exceeding ₹5,000.

9. The annual limit of ₹5,000 appears to be unduly excessive. An annual limit of ₹2,000 and an aggregate limit of ₹5,000 on individual deposits may be adopted, the rate of interest on the existing deposits exceeding ₹5,000 being reduced to 2 per cent.

10. These changes may be brought into force at a time when our Treasury is likely to be full. About April next, which is the middle of the collection

season, would be appropriate. As to the probable amount of withdrawals, nothing definite can be said. But the Comptroller is sanguine that there will not be an unduly large rush.

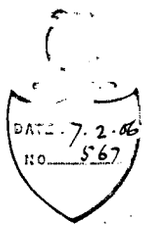
11. I do not think it is expedient to set aside the definite recommendations of the Government of India, which we promised to adopt.

12. If approved, a communication will be addressed to the Resident informing him of the action taken by the Durbar in the matter of imposing limits on Savings Bank Deposits and promising further communication on the other points raised by the Government of India.

13. It is, however, expedient to observe in our communication that the changes shall be brought into force about the middle of April unless the Seasonal conditions prove more serious than at present and involve a substantial reduction of revenue and a heavy expenditure on the part of the Government.

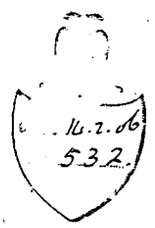
1.2.06

Record of Cases submitted for the Orders of His Highness the Maharaja.



Subject.

Modifications in the Government Savings Banks Rules as regards the limit of annual deposits and the calculation of interest thereon.



566

Order.

I agree with the Dewan.

~~K R W~~
10/2/06

orders as proposed
12.2.06
RD 12.2.06

Draft o

15.2.06

15.2.06

G.R.S. 12]

General and Revenue Secretariat.

G. F. File No. 280 of 1904

Serial No.

Resubmitted with a draft

MS 14/2/06

MS

Please put up a fair draft as revised (it may be typed). Then Office letter No. 324) dated the 28 May 1904 returned to us [illegible] of the Secretariat note is not in the file. Please put it up.

U 22.2.06

This Secretariat is in P.E as per note below. Off. E writes [illegible]

File R. F. 21 of 1903. 04 re appt of Comptr. to the questions of finance is put up with this. (The file [illegible] 4/3 [illegible]

Submitted with a fair draft below

23/2/06

MS

U

Draft submitted 23.2.06 to the Dewan Sahib. It has been seen by the Comptroller 26.2.1906

11530/27.2.06

U 27.2.06

35

To the First Assistant to the Hon'ble the Resident in Mysore

Pol No 715 of the 8/3/06

Informs that the Durbar have decided to impose an annual limit of Rs 2000 and an aggregate limit of Rs 5000 on individual Savings Bank deposits, that interest on deposits over 5000 Rs will be reduced to 2%, that these Changes would be brought into force about the middle of April and that further Communication regarding the points raised by the Govt of India will be made in due course

Note—Contn. sheet

Serial No.	
36	7166-21 & 30.4.06. Commissrs, Heads of depts & Asst Secy H. Br — appointg a committee consisting of the Council members for conducting an exam of Revenue & Expenditure & reporting in consultation with the Heads of depts on & retrenchment in expenditure and improvement in Revenue.
37	To the Compl & Heads of depts, & D.Cs of districts no. H. 1509 & 25-8-06. — Issues the modifications to the S.B. rules &.

Sl No:(2)
Gl Fin File 280-04
D.3546

BUDGET & RESOURCE DEPARTMENT.

OFFICE OF THE

COMPTROLLER, GOVT. OF MYSORE,

BANGALORE, 28 February 190 5.
1—3—05

From

Rai N. G. Basu Bahadur, M.A.,

COMPTROLLER, GOVT. OF MYSORE.

B.K.Venkatavarada Iyengar, Esq.,

~~THE~~ SECRETARY TO THE GOVT. OF MYSORE,

General and Revenue Dept.s

SIR,

I have the honor to acknowledge the receipt of your letter No.Fl:4628 dated the 25th January 1905, asking for my opinion on certain points relating to the Financial Administration of the State now under consideration of Government.

2. I am sorry to say that owing to the pressure of other work and owing chiefly to my being obliged to work shorthanded, I have not yet been able to take up the analysis of the expenditure of the last decade with a view to ascertain the ~~true~~ true nature of the increase

3 As regards the Minimum Working balances for our treasuries, I have already submitted to Government a report on the subject in my letter No.4211 dated the 31st January. In this report I have fixed the minimum for the last day of January at 30 lakhs and subsequent experience appears to justify the correctness of my estimate. The actual cash balance on 31st January 1905 as already reported to Government amounted to Rs.31,86,000 of which about Rs.13,52,000 were at Head Quarters including the balance in London. With this balance, the amount in the Bank of Madras at Bangalore

Bndgt & Revenue DEPARTMENT.

1905

From

Rao Bahadur M.G. Rao, B.A.
~~THE~~ COMPTROLLER,
MYSORE GOVT.

To

P.K. Venkatasubba Iyengar Esq
~~THE~~ SECY. TO GOVT. OF MYSORE,
General & Revenue Dept.

Dated 28
Despatched 1/3 - February
Received

No. 4798 & 1
BR No. 969

SUBJECT MATTER

Acknowledging Receipt
letter No. Fl. 4628 & 28 Jany
& submits opinion on certa
points relating to the Fin.
Admn. of the State now un
Consideration of Govt.

MGCPB—200—15-12-04

Government Savings Bank Deposits

In Government letter No. no 4628 Genl: Dated 280 of 1902 dated the 25th January 1905, I have been asked to State my opinion on the advisability of imposing a limit on the amount of individual deposits in the Government Savings Banks and on the amount and form of the reserve necessary to provide for withdrawels which may reasonably be anticipated.

2. Prior to September 1899, an annual limit of Rs 5000 was prescribed for individual deposits but with effect from 1st September 1899 that limit was abolished and deposits are now received without any limitation as to amount. No limit is also imposed as regards the amount on which interest at the prescribed rate of 3 1/8 per cent is allowed.

3. The following are the figures of Savings Bank Deposits for the year 1903-04. The figures Should be taken as approximate only

only as some of the District accounts have been received in my office So late as the 14th February and have not yet been Completely examined.

Name of District	Number of accounts on 30/6/02	Deposits in the year excluding interest.	Withdrawals in the year	Balance on 30.6.02 including interest
Bangalore	2689	9.61.179	8,76,361	27.32.262
Mysore	2983	7.09.639	7.11.716	16.67.058
Shimoga	1,823	4,70,595	3,46,848	10,38.376
Kolar	1.615	3,02,088	2,42,122	6.08.580
Hassan	1,271	2,24,320	2.57,232	6.68.128
Tumkur	1.051	2,49,862	1,75,618	4,38,304
Chitaldroog	1.126	1.91,791	1,24,649	3,89.185
Kadur	900	2,58,088	2,95,166	4.13,497
Total	13,458	33,90,562	30,34,742	79.55.393.

4. The progress of deposits and withdrawals has been as follows in the last few years:

	Deposits	Withdrawals	Net deposits	Balance at close of the year.
1895-6	14,18,142	16.17.934	-1,99,495	29,25,207
1896-7	14,98,561	15.11.167	- 12,606	30.13.962
1897-8	16,24,261	16,20,586	3.645	31.10.692
1898-9	20,56,472	14,46,620	6,09,852	38,23,469
1899-1900	26.08.985	19.40.590	6.68.395	46,25,347
1900-1901	26,80,748	23,28,478	3,52,270	51.30.841
1901-1902	29.97.690	23,02,952	6,94,738	60.01.528
1902-1903	37,92,138	26,22,297	11,69,841	73,78,535
1903-1904	33,90,562	30,34,742	3,55,820	79.55 393

5. "From the above table it appears that since the withdrawal of the limit of deposits in September 1899 the gross deposits have ~~been~~ increased by roughly about 50 per cent and the withdrawals have nearly doubled since that time. A total withdrawal during the year of over 30 lakhs from Treasuries, whose total balances vary between 30 and 60 lakhs in the year, introduces an element of uncertainty in the Resource operations of Government which is a matter of Serious Concern. As long as the net result is a small deposit or a small withdrawal, no great difficulty may be felt in arranging for the funds but ordinarily we cannot expect a large deposit in our resource arrangements and hence the result is that we are obliged to keep a much larger amount of cash in the treasuries idle for some time than would otherwise be necessary.

6. Government desire to know what the amount and form of the reserve should be to provide for possible with-drawals. The possible withdrawals are provided for in the ordinary Resource Estimates and the only question is whether any Special reserve should be created in the form of Government Securities or other investment to provide against any run on the Savings Banks. I do not think that the question of a run on Savings Banks in Mysore is of so great importance as to require Special provision. In British India political Considerations are a very important factor in Connection with Currency notes and Savings Bank deposits, but in the case of Mysore no such Considerations apply. The only occasion when there may be very heavy withdrawals from Savings Banks in Mysore is when there is a big famine and even then the withdrawal must be

be gradual and steady to admit of provision for funds being made along with the other famine require-ments.

4. It is the usual practise in regard to invest all Surplus ba-lances in excess of the years require-ments and any arrangements to create a Special reserve ear marked to meet Savings bank withdrawals must necessarily diminish the ordi-nary investments. The question of a reserve for Savings Bank withdrawals resolves therefore into one of two, namely,

(1) Whether the Surplus invest-ment at the disposal of Government is sufficient for the possible demands in a time of famine

(2) or, whether in view to the Se-vere financial difficulties during a famine, the liabilities for Savings Bank Deposits should not be reduced as much as possible.

6. The first question is one of General Finance

finance and can only be solved by arrangements for creating a larger Revenue Surplus or for curtailing loans and advances made with a view to ensure material and moral progress. Some authorities hold that the invested Surplus should at least be one crore to make adequate provision for a big famine and with this view I am inclined to concur. But the question of increasing the Surplus without any appreciable risk of impeding the progress of a Civilised Government is beset with Serious difficulties and any attempt to increase the Surplus, per Saltum as it were, must be deprecated. I reserve my remarks on this Subject till the question of General finance referred to me has been discussed.

9. As regards the second question namely, whether Steps should not be taken to reduce the Savings Bank balances as much as possible, I would

first observe that the whole object of Government Savings Banks is to encourage thrift among people with small income and this being secured, it is not desirable for Government to grant further facilities. The objections to Government going beyond the limit mentioned may be generally stated as follows,

(1) Special facilities to deposit funds in Government Saving Banks interfere with operations of trade by competing with Banking institutions. The Presidency Banks and Exchange Banks cannot give more than 2% on current deposit accounts and hence in so far as the Government Savings Bank rules divert funds from Commercial channels by holding out expectations of higher interest in so much do they adversely affect the trade of the Country.

(2). Interference with trade affects the General Tax payer in other ways.

It has been mentioned in some

of

of the Annual Stamp administration Reports of Government that the Special facilities for Savings Bank deposits adversely affect the Stamp Revenue. This will no doubt be the case if it is certain that the funds deposited in Savings Banks would otherwise have been employed in ordinary loan operations or in investment in Stocks and Shares of joint Stock Companies.

(3). The Cost to Government of maintaining Savings Bank Institutions much exceeds the net interest that may be earned by Surplus investments.

The interest paid on Savings Bank deposits is 3 1/8 per cent. But the interest realised on Government of India Securities is about 3 3/8 per Cent after deducting Income tax and Banks' Commission, against which has to be set the large expenses on treasury and account office establishments entertained for the purpose. Besides the whole of the deposits received cannot be invested

Out

but a considerable portion must be kept in a liquid form to meet ordinary withdrawals.

10. The best use that can be made of the Savings of a people is to employ them in productive expenditure in the Country. This is done in England, Scotland and in Countries on the Continent of Europe by deposits in Banking institutions or by investment in joint Stock enterprise. In Ireland not only are banking institutions not available to the same extent as elsewhere, but the people are wanting in Spirits of joint stock enterprise and cannot be trusted to Spend their Savings so as to advance the best interests of the Country

11. The next best use that can be made of the people's Savings is to have them Spent through the Government on Railways and other productive works of public utility. But Government cannot Construct public works with funds

funds payable at Call and must have Permanent debt to enable them to do so. A public debt to be Successful must be accompanied by some arrangement for creating a market for the Securities and this under present Circumstances is not easy of accomplishment. I may have to revert to this subject in connection with my review of the Mysore finances of the last decade.

12. The two best uses of the peoples Savings as described above not being practicable in Mysore, the System is adopted of exporting them as far as possible to British India to be exchanged for Securities of the Government of India. In other words, Mysore being unable to utilise the Savings of its own people for the material advancement of Mysore lends them to the Government of India to be used for Railway Construction in British India.

13. From the above explanation it will be clear that the objections to the liberal

of accounts showing more than Rs 5,000. The average amount of each of such accounts is well above Rs 10,000 and the withdrawals are proportionately much less than the totals given in para-graphs 3 and 4.

14. It is clear therefore that the de-posits of amounts in excess of Rs 5,000 are chiefly deposits of Savings. I have further analysed the figures of deposits and withdrawals by classifying the depositors under the following heads,—

1. Merchants, contractors, Sowcars, Coffee planters, Cultivators tea
2. Professional men — being advocates Lawyers and Members of the Medical Profession.
3. Government officers or Pensioners
4. Land holders, Jahgirdars and other notabilities
5 Widows, other ladies, minors and Students
6 Temple funds and other Religious and Charitable funds.

18. The following is the result.

Deposits

	Deposits	withdrawals	Balance on 30.6.02.
Merchants &c	4.90.446	3.18.365	14.88.842
Professional men	51.322	16.689	2,41.858
Government officers &c	83.258	45,191	5,46.948
Land Holders &c	43.261	18.428	3.02.163
Widows &c	1.26.431	69.231	8.01.623
Temple funds	1.06.439	9.401	2,86,982
	9.01.787	4,17,305	34,28,450

19. In the case of "Merchants and others" the proportion of the withdrawals has been larger than in the other cases and this is no doubt due to attempts to use the accounts as drawing accounts as far as possible. The accounts standing in the names of ladies, minors, &c. must necessarily include funds which are real Savings and they may easily be invested in Government Securities without State intervention. The head "Temple Funds" &c includes Rs 95,646 on account of Sir. K. Sheshadry Iyer Memorial Fund and Rs 19294 on account of the Victorea memorial Fund. I know no reason why Government should pay interest on these amounts.

20. In any case, I think no hard-
-ship will be caused by requiring to
pay so high a rate as 3½ p.c. on these
large deposits. On the other hand, the
action of Government, will not be
subject to any adverse criticism if
steps are taken only to discourage
to some extent, persons with large incomes,
from resorting to Savings Banks and
also to stop any possible use of Savings
Bank accounts as current deposit accounts.
To secure these objects I recommend
that the maximum limit of annual
gross deposits be reduced to Rs 2000 and
that interest on amounts held in excess
of Rs 5000 be reduced to two per cent. Any
changes in the rules should be given
effect to from some date in July to
September when our cash balances are
ample.

L. Basu
Comptroller.

PR

Pol No(3)
Pol Fin File 280-04
D. 3668

B. P. B.—4-04.—1,000.

No. 1430

FROM

R. C. H. MOSS. KING, ESQ., I. C. S.,
FIRST ASSISTANT TO THE RESIDENT IN MYSORE.

To

11 mail 10/3/05 Pol No. 1465-27 10.3.05

The Dewan of Mys

Dated Bangalore, 10th March 1905.

SIR,

I am directed to invite a reference to paragraph 5 of Mr. Anantaswami Rao's letter No. 3247, dated 28th May 1904, stating that a detailed report on the progress made in the settlement of the several pending questions connected with the financial administration of the Mysore State would be submitted in consultation with the new Comptroller on arrival.

2. Mr. N.G.Basu having assumed charge of the office of Comptroller of Accounts in Mysore, Sir James Bourdillon will be glad to know when the detailed report promised may be expected.

I have the honour to be,
Sir,
Your most obedient servant,

First Assistant Resident.

12

G.R.S. 26]

~~abd file~~ ~~G.S. Case~~

File No. 280/04

Serial No 4

Diary No. of letter replied to 3668

Pol. No. 899

General and Rev. Secretariat

( )

, *the* 190 .

To

The 1st Asst to the
Hon. the Resident in Mysore

Date of issue 28-4-1905.

Signed by W. B. K. Venkata-
-varadaiya Iyengar.

Sir

I am directed to refer to your letter No. 1430 dated the 10th March 1905 enquiring when the details regarding the progress made in the settlement of the several pending questions connected with the future administration of the Mysore State would be submitted. I am directed to state that the papers are under preparation and will be forwarded in due course.

over.

SUBJECT.

Cf/ried J.H. 27/4.

A Secretariat Note in response
to Mr Mc Laurie will
be sent ~~to the Printer~~
~~that~~ as soon as possible

26.4.1905

22/4

quite
25/4/05

Li[illegible]

no Enclosures

28/4/05

Copied by

Examined by

M&CPL—2,000-10-12—04.

G.R.S. 267

(Fair draft)

File No. 280/04
Serial No 3

Diary No. of letter replied to 3546

No. H 7578

General and Rev. Secretariat
( )
the 9th May 1905

To

The Comptroller to the
Govt of H.H. the
Nizam's Dominions

Date of issue do

Signed by Mr Satyaraj Velly

Sir,

Adverting to your
letter No 4728/H 8796 of the 28th
February 1905 submitting
with reference to this
office letter dt 4628 D/ the
25-1-1905 a note discussing
at length the advisability
of the imposition of a
limit on the amount of
individual deposit in
the Govt Savings Banks

over.

SUBJECT.

Signed 9/5/05

and of maintaining
reserve for meeting
withdrawals which
may be anticipated,
and give reasons why
that the maximum
limit of £ annual grow
deposits be reduced
to £2000, and that
interest on accumu-
lated deposits in excess of £5000
be reduced to 2 per cent.
I am directed to state
that it would be con-
venient to Consider this
subject along with the
financial programme
for next year and your
report on the progress
of Expenditure during the
past decade called for
in this office letter
quoted above, the submission
of which I am to request

may

List of enclosures,

Copied by

Examined by

MGCPB—10,000-19-12—04.

G.R.S. 27]

GENERAL AND REVENUE SECRETARIAT

(Communication sheet draft form.)

may be kindly expedited.

2. As to the question of reinstating a reserve for meeting withdrawals from Savings Banks, I am advised in para 8 of your note material bearing on the question of general finance, the same will be considered on receipt of your report on the latter. The placing of a limit on individual deposits and the reduction of interest will no doubt result in a rush for withdrawals of deposits, in meet which it is now necessary that adequate provision should be made. I am to suggest that you will favor me with your views thereon and your proposals for meeting the heavy demand which is likely to arise.

Shaw 3.5.1905

To the Comptroller & Auditor General 3/5/05 H 3-5-05 Secretary

D.4760

Serial No: (6)

Gl Fin File 280-04

No. 6805
BKR 1239

Office of the Comptroller,
Mysore Government,
Bangalore, Dated 17 May 1905.

From

Rai N. G. Basu Bahadur, M.A.,
Comptroller of Mysore,
B a n g a l o r e.

11 am 18-5-05

To

B. K. Venkatavarada Iyengar, Esq.,
Secretary to the Government of Mysore,
General and Revenue Departments.

Sir,

I have the honor to acknowledge the receipt of your letter No.Fl:7578/Gl:Fl:280-04-3 of the 9th May '05 regarding the Ways & Means for meeting any heavy demands for withdrawals of Savings Bank Deposits in the event of the Savings Bank Rules being modified on the lines suggested in my note of the 27th February 1905.

2. In reply I have the honour to explain that if the rules are altered as proposed, the rush for withdrawals may be only under those accounts under which the individual balances now exceed Rs. 5,000/. From paragraph 15 of my Note it will be seen that there are about 330 such accounts with an average balance of over Rupees 10,000/each and to reduce them to the level of about Rs.5,000/ a total withdrawal of about twenty lakhs may take place.

3. I mention twenty lakhs as the maximum Withdrawal because it is certain that in the case of some of the accounts which are drawing accounts an interest of 2 per cent will be sufficiently attractive to make it worth the while of the depositors to retain the deposits. In other cases the trouble and inconvenience of investing in Government Paper and the uncertainty as regards the prices of paper at different seasons of the year and even the differences in the selling and buying price for the same man in the same market at the same time, will deter people from withdrawing heavily from the Savings Banks.

4. I therefore expect that instead of there being heavy with-

Budget & Resource department

1905.

From

Rai N.G. Basu Bahadur M.A.

To

K.K. Venkatavarada Iyengar Esq.
Secretary to Govt.
Genl. & Rev: Dept.

Dated 17
Despatched 17 } May
Received

No 6805

B&R No. 1239

Subject Matter

Acknowledging receipt of his letter No. Fl. 7578 / Gl. Fl. 280-04-3 dg. 9 May 05 and submits explanation re the Ways & Means for meeting any heavy demands for withdrawals of Savings Bank Deposits in the event of the S.B. Rules being modified on the lines suggested in his note of the 27th July: 05.

withdrawals there may be some attempt to open new accounts in the name of ladies and minors to avoid the loss of interest above Rs. 5,000/. Added to this there will be the usual increase in the smaller deposits, and there is ample scope for this for it will be seen from the figures in paragraph 3 of my Note that the average of each account is now only a trifle in excess of Rs.600/.

5. In making my proposals to Government I had very carefully considered the question of resource and my belief is that if the changes proposed are given effect to at the season of the year when our balances are high, no embarrassment will be caused to Government regarding the Ways and Means. My anticipations are based largely on the experience of the operations in British India during the last 20 years and in every instance the reduction of the annual and total deposits or the reduction in rate of interest had not any effect on the growth of the deposits as a whole.

6. I think, therefore, that Government will not run any serious risk by making the changes in the rules suggested. At the worst, the total reduction in the balances will not perhaps come to ten lakhs and if this happened to be the case, there will be no difficulty in meeting the demand by selling some Government Paper forming part of the State Investment. I may mention that if my proposals regarding the Budget arrangements for 1905-6 are accepted by Government without any material alteration it may even be possible to meet 12 to 15 lakhs from the cash balances without the necessity of having to sell any of the existing investments.

7. I shall take up the examination of the finances of the last decade as soon as possible after the Budget work is over. But I may explain that that examination cannot adversely affect the decision on the proposals now under consideration of Government. In fact, I have already explained in paragraph 8 of my Note that the question to be dealt with in the Review of finances is the question of Surplus Revenues and that question does not necessarily affect the amount of deposits in the Savings Banks at normal times. For the purpose of the examination in question, we must assume a minimum Savings Bank deposit for times of famine and this minimum must

be much below the figure to which the deposits may be reduced under the present proposals.

I have the honor to be,

Sir,

Your most obedient servant,

Comptroller.

V.U.C.

G.R.S. 26

File No. 280-9

Serial No 67

Diary No. of letter replied to 4760

No. H 8108

General and Rev. Secretariat
(Per Fin)
, the 29th May 1905

To
The Comptroller

Date of issue No

Signed by Mr Subramanya

Sir,

With reference to the Co.ee
corresponding with your letter no:
6805 d. the 17.5.05, ~~Submitting~~
B.R. no: 1239
~~explanation regarding the~~
supporting the Ways & means for meeting the
heavy demands for withdrawals
of the Savings Bank deposits,
I am directed to request you to
be so good as to Submit draft
modifying the S.B. Rules
rules on the lines suggested by
you in your note of the 27th
Feb'y 05 for the modification
of the Savings Banks Rules

I have &c

26.5.1905
Secretary.

that may likely arise in the event of a limit being placed on the amount of the deposits and the interest being revised and expressing your views thereon.

on Government Savings Bank deposits forwarded with your letter No. 4798 dated 8.3.969 the 28th February 1905.

SUBJECT. K.S.

26/5/05

Typed on 27/5/05

26-5-05

Serial No. 8
D. 5001

No. 7103 Enc
B & R.1296.

Office of the Comptroller, Mysore Government,

Dated Bangalore, the 31st May 1905.
1st June 05

From

Rai. N.G. Basu Bahadur, M.A.,

Comptroller, Mysore Government.

Recd 1/6/05

To

B.K. Venkatavarada Iyengar, Esq.,

Secretary to the Government of Mysore,

General and Revenue Departments

Sir,

In reply to your letter No. Fl.8108-Gl.F.280-04-6 dated 29th May 1905, asking to be furnished with draft rules modifying the Savings Bank Rules in accordance with a note submitted by me in February last, I have the honour to submit herewith draft of revised Rules in substitution of the Savings Bank Rules 1. IV to 1. VII. In preparing the draft I have inserted the 1st of October 1905 as the date of the change

Flag Q.

2. If this draft is accepted then all that is necessary for Government is to issue a Resolution like that of 30th August 1899 stating that the Government are pleased to impose a limit of Rs. 2000/- on the annual deposits of individual accounts in the Government Savings Banks and that the Government have also decided to restrict the interest on balances of individual accounts in excess of Rs. 5000/- at 2 per cent. And that the necessary notification will be published.

3. The notification may repeat the decision and may direct the substitution of the draft for the existing Rules 1.IV to 1.VI

4. There will be some changes in Rules 6, 10, 29 and 40 (b) and possibly in other places but these may be left to the Comptroller

Draft of revised Rules proposed to be substituted for the Mysore Government Savings Banks Rules. 1. IV to 1.VII.

Rule 1.IV- Without the sanction of the Comptroller no account will be opened for less than one rupee and no person may deposit more than two thousand rupees in all between any 1st of July and the 30th of June next following.

Rule 1.V Interest will be allowed for each calendar month upon the minimum balance of the account between the close of the fourth day and the end of the month.

Rule 1.VI. From 1st October 1905 till further notice, interest will be allowed upon deposits at the rate of ($3\frac{1}{8}$) Three and one-eighth percent per annum on the balances of individual accounts not exceeding Rs. 5000/-. If the balance exceeds Rs. 5000/-, then interest at 2 per-cent per annum will be allowed upon such excess, the balance up to Rs. 5000/- receiving $3\frac{1}{8}$ per cent..

Rule 1.VII. In calculating interest for each calendar month under clause V fractions of a pie included in the calculation will be omitted. The rate of $3\frac{1}{8}$ per cent per annum is equivalent to one pie per month on every two Rupees and the rate of 2 per cent per annum is the same as one pie per month on every ($3-\frac{1}{8}$) Three and a eighth Rupees accordingly-

(a) For balances of accounts not exceeding Rs. 5000/- interest will not be allowed upon a smaller balance than (2) two rupees. or upon the excess in any balance over the highest multiple of (2) two rupees.

(b) If the total balance of any account exceeds Rs. (5000) Five thousands, then, in calculating interest upon such excess, it will be allowed only upon even sums of ($3\frac{1}{8}$) Three and one -eighth ruppes included

55

Gen Fin 280-04

To

The First Assistant to the Hon'ble
the Resident in Mysore.

Palace 715-D 8.3.04

Sir,

Adverting to the correspondence ending with your letter No.484, dated the 29th January 1904, I am directed to communicate for the information of the Hon'ble the Resident the action taken by His Highness' Government in regard to the reimposition of suitable limits on the Government Savings Bank deposits.

2. The Durbar have decided to reimpose an annual limit of ₹2,000 and an aggregate limit of ₹5,000 on individual Savings Bank deposits in Mysore. The interest on the existing deposits in excess of ₹5,000 will be reduced to 2 per cent.

3. These changes will be brought into force about the middle of April next when the cash balances in the Treasury are expected to be large enough to meet a possible rush of withdrawals, unless the seasonal conditions prove more serious than at present and involve a substantial reduction of revenue and a heavy expenditure on the part of the Durbar.

4. In regard to the other points raised by the Government of

India and adverted to in your letter of the 29th January 1904, I am to state that they are under consideration and a further communication will be made to you in due course.

I have &c.,

Secretary.

11614
3.3.06

7.3.1906

READ—

Notification published with Proceedings No. 1887-95—Fl. 217, dated the 30th August 1899, announcing that until further orders deposits would be received in the Mysore Government Savings Bank without any limitation as to amount.

No. FL. 1509—280-04-37, DATED BANGALORE, 15TH AUGUST 1906.

ORDER THEREON.—The receipt of deposits into Government Savings Banks without any limit as to amount, sanctioned in the above order, has led to a steady increase in the deposits with Government, which amounted on 31st December 1905, to over ninety-five lakhs of rupees. The acceptance by the Government of such heavy liabilities at call is attended with serious risk from a financial point of view, and the Government of His Highness the Maharaja have been considering the steps that should be taken to limit the growth in deposits within reasonable proportions. It has now been decided to impose an annual limit of Rs. 2,000 and an aggregate limit of Rs. 5,000 on individual Savings Bank deposits in Mysore. In future, therefore, the total amount which may be deposited by a depositor in any one official year, from the 1st July to the 30th June, inclusive, must not exceed Rs. 2,000, and the total amount which a depositor may have at his credit at any time exclusive of interest must not exceed Rs. 5,000.

Under the operation of the above order balances of individual accounts exceeding Rs. 5,000 on the date on which the orders take effect will not bear any interest, but to prevent any undue hardship to depositors and to admit of the gradual withdrawal from the Treasuries of excesses over Rs. 5,000, the Government of His Highness the Maharaja have decided that such excess should, until further notice, bear interest at 2 per cent per annum till they are wholly withdrawn.

The Government of His Highness are also able to afford an opportunity to Savings Bank Depositors having balances in excess of Rs. 5,000, of investing such excess in a new four per cent State loan to be opened.

The following Notifications will be published in the *Mysore Gazette* :—

I. NOTIFICATION.

No. Fl. 1510—Gen. Fin. 280-04-38, dated 15th August 1906.

It is hereby notified for general information that, with effect from the 1st October 1906, the following changes will be made in the Mysore Government Savings Banks Rules now in force :—

Rule 1, clause IV, will be altered as follows :—

"Without the sanction of the Comptroller no account will be opened for less than one rupee and no person may deposit more than Rs. 2,000 in all between any 1st July and the 30th June next following. The total amount which a depositor may have at his credit at any time, exclusive of interest for the current year, should not also exceed Rs. 5,000."

For paragraph 1 of Rule 1, clause VII, the following should be substituted :—

'From 1st October 1906 until further notice interest will be allowed upon deposits at the rate of one pie a month on every two rupees, which is equal to one anna for every twenty-four rupees, being at the rate of three and one-eighth per cent per annum. Without the sanction of the Comptroller no higher monthly interest will be allowed upon any balance than Rs. 13-0-4, being the interest upon Rs. 5,000."

Rule 10 should be altered as under :—

"10. The limit of Rs. 2,000 for a single depositor within one year may be exceeded only in the following cases :—

(1) A security deposit with a Government officer.

(2) A benevolent or quasi-public institution.

(3) A transfer from another Taluk or District (Mysore Government) Savings Bank, so far as money transferred is not on account of deposits made in the current year.

In each case the reason for allowing it must be explained, in the monthly statement of deposits.

"The limit of Rs. 2,000 is to be construed strictly; withdrawals must not be deducted in applying it."

2. The Comptroller to the Government of His Highness the Maharaja will issue further instructions regarding the payment of interest on deposits in excess of Rs. 5,000 on individual accounts and the work of calculation of such interest.

II. NOTIFICATION.

No. Fl. 1511—Gen. Fin. 280-04-39, dated 15th August 1906.

With the consent of the Government of India, the Government of His Highness the Maharaja of Mysore have decided to issue a four per cent loan to the extent of twenty lakhs of rupees to meet expenditure on productive works. As this loan is required at a time when heavy withdrawals from the Government Savings Banks are anticipated, it has been decided in the first place to offer the amount of the loan only to Savings Bank Depositors in repayment of the deposits.

2. Under Government Notification No. Fl. 1510—Gen. Fin. 280-04-38 of this date, the total deposits in the Government Savings Banks on individual accounts may not exceed Rs. 5,000 from 1st October 1906. Accordingly any depositor who has at present at his credit a balance in excess of Rs. 5,000 will be obliged either to withdraw such excess or will not get interest on such excess after 30th September at a rate of more than two per cent per annum.

3. Depositors in Government Savings Banks, the balances of whose deposits excluding interest exceed Rs. 5,000 on the 30th June 1906, are hereby given the option of receiving in lieu of cash in payment of such excess their equivalent at par of four per cent Pro-Notes of the Government of Mysore to be issued under this Notification.

4. The amount for which Promissory Notes will be issued in any case shall not exceed the total amount over and above Rs. 5,000 held at credit of the depositor on the 30th June 1906, provided that no Promissory Note will be issued for any sum less than Rs. 500 and all Notes issued will be for amounts which are an exact multiple of Rs. 100.

5. Promissory Notes will be issued under this Notification in the form given below. The loan will be called "The Four per cent Mysore State Loan of 1906-07." The interest on the loan is payable half-yearly on the 1st day of April and the 1st day of October, and the Notes are liable to discharge on the 1st October 1921.

6. Depositors in the Mysore Government Savings Banks who wish to exercise the option given by clause 3 of this Notification should apply to the Comptroller to the Government of His Highness the Maharaja of Mysore on or before the 15th of September 1906. The application, which should be enclosed in a sealed cover superscribed "Applications for the Four per cent Mysore State Loan of 1906-07," should state the amount for which the Promissory Notes are wanted and should also be accompanied by the Pass Book or Books of the depositor. If the amount stated in the application is not an exact multiple of Rs. 100, the Comptroller will take it at the nearest multiple of Rs. 100, subject to the limits prescribed by clause 4 of this Notification.

7. No application for issue of Pro-Notes under this Notification will be received after the 15th of September 1906. If the total of the applications received for which Pro-Notes may be issued under this Notification exceeds twenty lakhs of rupees, then the excess will, as far as possible, be rateably deducted from all the tenders received.

8. The Promissory Notes issued will bear interest from 1st of October 1906, and in the Savings Bank accounts the interest on the deposits converted into the loan will be calculated up to 30th September 1906.

9. All depositors who exercise the option given by clause 3 of this Notification before the end of August 1906, will be entitled to receive a commission of one-half per cent on the amount for which Pro-Notes may be issued to them.

10. In the event of the whole of the sum of twenty lakhs not being allotted to Savings Bank Depositors in the manner indicated, the Government of His Highness the Maharaja of Mysore reserve to themselves the right to raise the balance by public tender or in any other way as may be considered expedient.

11. The Comptroller will furnish all further information that may be required by intending applicants and will issue instructions to the Treasuries regarding adjustment in the Savings Bank Ledgers of transactions connected with the loan.

Financial, dated 15th August 1906.

FORM OF PROMISSORY NOTE.

The Government of His Highness the Maharaja of Mysore, in consideration of the sum of Rs. ..... received as a loan from ..... hereby promise to repay the said sum of Rs. ..... to the said ..... his Executors or Administrators, or his or their order on demand at any of the Government Treasuries of the Mysore State on the expiration of fifteen years from the date hereof together with the interest at the rate of four per cent per annum payable half-yearly on 1st October and 1st April, all further interest ceasing from 1st October 1921.

K. S. CHANDRASEKHARA AIYAR,
Secy. to Govt., Gen. & Rev. Depts.

To—The Comptroller to the Government of His Highness the Maharaja of Mysore.
The Heads of Departments.
The Deputy Commissioners of Districts.

Exd.—C.V.

1906-07

GOVERNMENT OF HIS HIGHNESS
THE MAHARAJA OF MYSORE

FINANCIAL

PROCEEDINGS

Dated 15th August 1906

No. 1509
Gen. Fin. 280-04-37

Imposing an annual limit of Rs. 2,000 and an aggregate limit of Rs. 5,000 on individual Savings Bank deposits in Mysore and affording an opportunity to Savings Bank depositors having balances in excess of Rs. 5,000 of investing such excess in a new four per cent State loan to be opened.

GPB—16-8-06—1,000